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R 101939Z MAR 06
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 8391
INFO RUEHAC/AMEMBASSY ASUNCION 5671
RUEHBO/AMEMBASSY BOGOTA 2939
RUEHBR/AMEMBASSY BRASILIA 6817
RUEHBU/AMEMBASSY BUENOS AIRES 4050
RUEHCV/AMEMBASSY CARACAS 1374
RUEHPE/AMEMBASSY LIMA 1289
RUEHME/AMEMBASSY MEXICO 1668
RUEHNM/AMEMBASSY MONTEVIDEO 3623
RUEHQT/AMEMBASSY QUITO 4014
RUEHSG/AMEMBASSY SANTIAGO 8536
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RULSDMK/DEPT OF TRANSPORTATION WASHINGTON DC
RUEANHA/FAA NATIONAL HQ WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC

UNCLAS LA PAZ 000657

SIPDIS

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STATE FOR EB/TRA JHORWITZ AND WHA/AND LPETRONI
COMMERCE FOR EALFORD AND JANGLIN
STATE PASS TO DOT FOR CCOLDREN
TREASURY FOR SGOOCH

E.O. 12958: N/A
TAGS: [EAIR](#) [PREL](#) [BL](#)
SUBJECT: JET FUEL DEADLINE PASSES, GOB ASKS FOR MORE TIME

REF: LA PAZ 440

[11.](#) (U) Summary: In a March 8 letter to the Ambassador, the GOB acknowledged the expiration of the 14-day deadline to eliminate taxes on jet fuel uplifted by U.S.-registered air carriers (reftel) but asked for more time, noting that institutional reorganization had delayed consideration of the issue. Econoffs told Ministry of Foreign Affairs officials that they recognized the GOB's difficulties but said USG agencies had already begun the process of removing Bolivian air carriers' exemption from U.S. fuel taxes. Econoffs noted that the process could take several weeks, which gave the GOB a narrow window for action. Despite the GOB's request for an extension of the deadline, we recommend that USG agencies move ahead to remove Bolivian airlines' exemption from U.S. fuel taxes. End summary.

[12.](#) (U) In a March 8 letter to the Ambassador, Vice Minister of Foreign Relations Mauricio Dorfler acknowledged the expiration of the 14-day deadline to respond to USG demands that taxes on jet fuel uplifted by U.S.-registered air carriers be eliminated (reftel) but asked for more time, noting the GOB's "strong desire" to resolve the issue. He said he had established contact with the ministries of the presidency, hydrocarbons, and public works and asked them to determine the actions needed to bring policy into line with existing bilateral agreements. Dorfler noted that the previous administration's efforts to address the matter via supreme decree had been interrupted by the transition and indicated that a draft decree (whose provisions reportedly call for the equalization of jet fuel prices for foreign and domestic air carriers rather than the complete elimination of taxes) had been developed by the Rodriguez government and sent to the National Council on Economic Policy for review.

[13.](#) (SBU) Dorfler asked the Ambassador to "use his good offices" to extend the 14-day deadline, noting that institutional reorganization had delayed the GOB's

consideration of the issue. In a March 8 meeting with Econoffs, Dorfler's counterpart, Vice Minister of Economic Relations and Foreign Trade Maria Luisa Ramos, said she had never received a copy of the Ambassador's February 16 letter notifying the administration of USG intentions. She lamented the confusion in the vice ministry and proceeded to berate her staff in front of us for failing to make her aware of "a very serious issue" that could represent "a conflict" between the two governments. In response, Econoffs recognized the GOB's difficulties but said USG agencies had already begun the process of removing Bolivian air carriers' exemption from U.S. fuel taxes. Econoffs noted, however, that the process could take several weeks, which gave the GOB a narrow window for action.

14. (SBU) Comment: Despite the GOB's request for an extension of the deadline, we recommend that USG agencies move ahead to remove Bolivian airlines' exemption from U.S. fuel taxes. Ministry of Foreign Affairs officials seemed to lack in-depth understanding of the problem, and comments in a separate March 6 meeting with Econoffs indicated they were unsure how to proceed. Officials seemed to lack any real sense of urgency, and none could provide an estimate of when the GOB might consider the matter. Even with Ramos' renewed interest, immediate action to resolve the issue seems as unlikely now as it did a few months ago, particularly given other ministries' failure to respond to the Ministry of Foreign Affairs' request for action. End comment.
ROBINSON